GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:3884
ANSWERED ON:24.08.2004
SHIP BREAKING INDUSTRY
Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of STEEL be pleased to state:

(a) whether the ship breaking industry of the country was considered to be the largest in the world five years ago;

(b) if not, the facts thereof ;

(c) whether the position of this industry has now slipped to third place;

(d) if so, the reaction of the Government thereto;

(e) the reasons for downfall of the said industry; and

(f) the steps proposed to be taken to improve the situation?

Answer

MINISTER OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) to (c): Yes Sir.

(d) Government is closely watching the situation and it remains committed to the cause of ship breaking, protecting the environment and safety of the workers engaged in ship breaking.A number of meetings have been held at various levels for considering measures to revive the industry.

(e) The main reasons for decline of this industry in the country are the following: -

(i) The prices of old ships for demolition in the world market have gone up whereas prices of steel scrap have not risen to the same extent in India;

(ii) Due to recovery of the global economy and rise in the freight rates, it is more economical to ply ships than to demolish them;

(iii) Increase in custom duty imposed on ships imported for scrapping in 2002-03 from 5 % to 15 %, whereas the main competitor countries like Bangladesh and Pakistan have reduced duty on old ships for scrapping and China has a system of giving subsidy on ship breaking.

(iv) Ship breaking industry has competition from the semis produced by the integrated steel plants and the ingots produced by the induction furnaces.

(f) A study group from the Ministry has recently submitted a comprehensive report on the status of the industry.Necessary steps are being taken in consultation with Ministry of Finance for reviving the industry.